Compensation and the Consolidation of Authoritarian Power: Evidence from China’s 2016 PLA Reform

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Outline

Motivation

Data

Empirics

Conclusion
Outline

Motivation

Data

Empirics

Conclusion
Motivation

• The extant literature provides strong theoretical and empirical justifications for the role of institutions in maintaining authoritarian stability
• Yet, two scenarios remain under-explored
  1. First, how do dictators move from a contested equilibrium to a settled equilibrium without a major exogeneous shock (Svolik, 2009)
  2. Second, how do dictators prevent collective action against them in the process of seizing additional power.
• The 2016 PLA reform provides a good opportunity to explore these dynamics theoretically and empirically.
  1. We show who got what, when, and how during the 2016 PLA reform.
  2. Authoritarian Compensation (Chen et al., 2021; Kaire, 2019; Gehlbach and Keefer, 2011; Manion, 1993; Gandhi et al. (2017)) as Dictator’s Divide-and-Rule Tactic and Allies’ Collective Action Problem
Xi’s 2016 Military Reform
Why it didn’t lead to collective resistance among the losers?

• The most far reaching since the death of Mao
• Enormous power taken away from the three main departments of the PLA, especially the GSD
• Two military regions were abolished which led to disbanding of divisions and subsuming of other divisions under new commands
• All of these changes took effect on January 1, 2016
• Yet the Central Committee gave strong hints of these changes as early as November 2013
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Findings Overview

- Xi devoted considerable amount of time in PLA during reform gestation period
  - Much higher than Hu, & a lot of ad hoc visits & meetings
  - For promotion in PLA, Xi did not pursue a clear factional strategy during the gestation period of the reform, which might invite collective action against him
  - Instead, officers affected by the reform received compensation in the form of delayed retirement and promotions
  - After the reform completed in 2016, Xi promoted his followers systematically while forcing out officers tied to Hu Jintao
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Authoritarian Compensation and Divide-and-Rule (DR)

- From a dynamic perspective, making authoritarian compensations for losers to accomplish reforms allows dictators to enforce a divide-and-rule (hereafter DR) strategy that makes potential challengers unable to overcome their collective action problem.

- A DR strategy is made possible by the proposer group’s belief that dictator is able to make such a counteroffer and the proposed would turn down the proposal to accept it. (Acemoglu, Verdier, and Robinson, 2004)
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Empirical Implications

• H1: Authoritarian Compensation: A military officer who was affected by the reform was more likely to receive a promotion or delay retirement than one who was not.

• H2: Endogenous Power
  • H2a: Before Xi’s power was consolidated, there was a positive probability for a non-Xi-faction military officer to receive a promotion or delayed retirement.
  • H2b: After Xi’s power was consolidated, there was a positive probability for a Xi(non-Xi)-faction military officer to be promoted or delay retirement (purged/early retirement).
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### Original Database of Xi’s Activities

- **Reporting from Xinhua, People’s Daily, and Xi’s speeches**

  - PSC Meeting （常务委员会）
  - CMC meetings （军事委员会）
  - issue specific meetings，on policy 工作会议，交流会，座谈会
  - (Missing)
  - Politburo Meeting/ study sessions （政治局会议，集体学习？）
  - Central Committee plena/ Party Congresses / CDIC meetings （全体会议，全国代表大会）
  - ceremonial meetings with party & PLA elites （ie general promotions）

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*Note: The table above represents the activity schedule of Xi Jinping from January 2013 to January 2014. The icons indicate the types of meetings and activities.*
Original Database of Xi’s Activities

- >2000 activities between late 2012 and 2019; >200 military
- Regular institutionalized meetings
  - Politburo
- Ad hoc meetings
- We find: Xi especially engaged with the military during 2013–2016, gestation period for the reform
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Hu Jintao Military-Related Activities

- Ad Hoc Military Visits
- Institutionalized Military Activity
Xi visited losers of reform & base before 2016
Biographical Panel of PLA Officers

- Biographical data of >500 PLA officers, combining
  - Officers in the Central Committee (Shih, Meyer, Lee 2020)
  - PLA officer data from Mattingly (Forthcoming)
  - Additional officers at the provincial military region level

- We have
  - Every position they held and start/end time
  - Factional affiliation, princeling status, education levels, ...

- We measure
  - Level of each of their positions: Lower PLA
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Biographical Panel of PLA Officers

Level of Position
- Lower PLA
- Vice MR
- MR
- CMC
- Retirement
- NA

Year
- 1960
- 1970
- 1980
- 1990
- 2000
- 2010
- 2013
- 2016
- 2020
Size of the Factions among PLA Officers

Motivation
Data
Empirics
Conclusion

All Officers: 400
Hu Faction: 0
Xi Faction: 200
Xu Faction: 100
Retire Age Distribution

LowerPLA

ViceMR

MR

CMC
Motivation

Data

Empirics

Conclusion
Baseline Model

Extending Mattingly (2023) & Francois, Trebbi, and Xiao (2022)

\[ y_{it} = \beta_0 + \beta_1 \text{Affected by Reform}_i + \sum_f \beta_{2f} \text{Faction}_{if} + \gamma' X_{it} + \epsilon_{it} \]

- \[ y_{it} : \begin{cases} +1 & \text{Promotion / Delayed Retirement} \\ 0 & \text{Lateral Move} \\ -1 & \text{Purge / Early Retirement} \end{cases} \]
- Affected by Reform: Served in units negatively affected by reform
- Faction: Overlap in position with Xi, Hu, & Xu Caihou
- \( X_{it} \): Age, princelings, ethnicity, education, war experience, etc
- Controlling for
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- Controlling for
  - Year fixed effects
  - PLA branch fixed effects (army, navy, air force, etc)
  - Current position level fixed effects
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\[ y_{it} = \beta_0 + \beta_1 \text{Affected by Reform}_i + \sum_f \beta_{2f} \text{Faction}_{if} + \gamma' X_{it} + \epsilon_{it} \]

\[ y_{it} : \begin{cases} 
+1 & \text{Promotion / Delayed Retirement} \\
0 & \text{Lateral Move} \\
-1 & \text{Purge / Early Retirement} 
\end{cases} \]

• Affected by Reform: Served in units negatively affected by reform
• Faction: Overlap in position with Xi, Hu, & Xu Caihou
• \( X_{it} \): Age, princelings, ethnicity, education, war experience, etc
• Controlling for
  • Year fixed effects
  • PLA branch fixed effects (army, navy, air force, etc)
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Main Findings for Career Outcomes

- Officers who had served in units affected negatively by the 2016 reform were compensated with promotions or delayed retirement both before and after 2016.
- Officers linked to Xi:
  - Did not enjoy better career outcomes prior to the implementation of the reform in 2016.
  - But enjoyed better outcomes than others after the reform.
- Officers with ties to Hu:
  - Were not discriminated against prior to the reform in 2016.
  - But suffered from worse career outcomes than others after the completion of the reform.
- These findings suggest that Xi sought to prevent collective action against the reform up through 2016, but displayed stronger factional favoritism after the completion of the reform, which consolidated his power.
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Xi as CMC Chairman (2013--)

Outcome: Promotion, Delayed Retirement = 1; Lateral Move = 0; Early Retirement, Purge = -1

- Coefficient estimates and 95% confidence intervals
- Affected by reform
- Xi faction
- Xu Caihou faction
- Hu Jintao faction
- Princelings
- Volunteer during Vietnam War
- Ethnic minority
- College educated
Effect of Xi Faction on PLA Promotion Decisions

Promotion, Delayed Retirement = 1; Lateral Move = 0; Early Retirement, Purge = -1
Effect of Hu Jintao Faction on PLA Promotion Decisions

Promotion, Delayed Retirement = 1; Lateral Move = 0; Early Retirement, Purge = -1

-0.15
-0.10
-0.05
0.00
0.05
2013
 Xi took power
2016
 Reform took effect
2019 2022
Year

Estimate and 95% Conf. Int.
Outline

Motivation

Data

Empirics

Conclusion
Concluding Remarks

• We examine the dynamics of power consolidation through the case of Xi’s 2016 PLA reform

• We provide empirical evidence for mechanism of divide and rule using two data sets

• First, we show that Xi spent much more time conducting ad hoc visits to affected military units, in addition to institutionalized meetings

• Second, we show that Xi compensated officers in the affected units (divide), and favor members of his faction only after power consolidation (rule)
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Outline

Event study plot for Xu Caihou faction

Promotion during Xi Jinping Period (2013–)

Promotion during Hu Jintao Period (2004-2012)
Effect of Xu Caihou Faction on PLA Promotion Decisions

Promotion, Delayed Retirement = 1; Lateral Move = 0; Early Retirement, Purge = -1

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Promotion during Hu Jintao Period (2004–)

College educated
Ethnic minority
Volunteer during Vietnam War
Princelings
Hu Jintao faction
Xu Caihou faction
Xi faction

Affected by reform
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Coefficient estimates and 95% confidence intervals

Promotion
Delayed Retirement
Lateral Move
Early Retirement
Purge

Xi as CMC Chairman (2013–)
Xi as CMC Chairman (2013--)

Coefficient estimates and 95% confidence intervals

- Promotion
- Delayed Retirement
- Lateral Move
- Early Retirement
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Affected by reform
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Promotion Delayed Retirement Lateral Move Early Retirement Purge

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